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The Impact of Land Titling in Ukraine: An Examination of the Results from an 800 Person Random-Sample Survey

Leonard Rolfes, Jr.

December 2003



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TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
I. PURPOSE OF SURVEY	1
II. SURVEY METHODOLOGY	3
III. NATIONAL SURVEY RESULTS	5
A. General Profile of the Survey Respondents	5
B. Importance of Personal Land Resources to Total Annual Incomes	6
C. Attitudes of State Act Owners to Land Ownership	7
D. Income of State Act Owners	8
1. Comparison of use patterns of Land Share Certificates and State Acts	8
2. Comparison of income from leases	10
a. Fulfillment of lease terms	10
b. Direct comparison of rents received	11
3. Opinion of State Act owners about the benefits of landownership received thus far	14
4. State Act owners' opinions of land as a future source of income	18
E. Future Use of Land	19
F. Women and Land	21
IV. RESULTS BY OBLAST	22
A. Land Holdings by Oblast	22
B. Importance of Personal Land Resources to Total Annual Incomes	23
C. Attitudes About Land Ownership	24
D. Income of State Act Owners	24
1. Comparison of lease income by oblast	24
2. Opinion of State Act owners about whether their incomes have increased with land ownership	25
E. Land as a Future Source of Income	26
V. CONCLUSION	27
MAP OF UKRAINE WITH SURVEY OBLASTS HIGHLIGHTED	29

EXECUTIVE SUMMARY

The rise of an independent Ukraine in 1991 brought with it a major effort to reform the agricultural sector. The centerpiece of this reform was the allocation of "land shares" to 6.7 million rural Ukrainians. The allocation of land shares delivered some positive results, but on balance did not lead to significant restructuring of the collective and state farms, or to increases in productivity and rural income at the levels originally envisioned. A major reason for the land share's failure to bring about the expected results was the tenuous linkage between an individual land share and a specific parcel of land.

To address this problem, in 1999 the Government of Ukraine began an initiative to: (1) convert all 6.7 million land shares into privately owned individual land parcels, and (2) issue title documents -- known as State Acts -- to the new landowners. About half of the land shares in Ukraine have been converted into land parcels and titled so far.

In the summer of 2003, a survey was carried out in eight of Ukraine's 25 oblasts (provinces) to assess the impact of the land titling effort. The survey interviewers returned 797 valid interviews of rural people from 160 villages. The sample of 797 interviews is sufficiently large to deliver nationwide results about the impact of land titling. The following bullets describe the survey's main findings:

- *Importance of personal land resources to total income.* The personal land resources of rural Ukrainians consist of land shares represented by Land Share Certificates (hereinafter "LSC's"), land plots represented by State Acts that resulted from the conversion of land shares, land specially allocated for private farm development, household plots, and subsidiary farms. Over half of all LSC holders and State Act owners derive at least 25% of their total annual incomes from these personal land resources.
- *Attitudes toward land ownership.* State Act owners have very positive attitudes toward land ownership. 78% of all State Act owners report that they did want their LSC's converted into State Acts, and 75% report that they are taking a more active interest in their land rights than they did when they held LSC's.
- *Comparison of income from leases of State Acts and LSC's.* 78% of all LSC's, and 71% of all State Acts, are not farmed directly by their holders but are leased to third-party private family farms or agricultural enterprises. Comparison of lease income received by State Act owners to that of LSC holders therefore provides compelling information about the benefits of the land titling program. First, 85% of the State Act owners perceive that the lessees make the rental payments in the amounts agreed to in the rental contract, compared to the 66% reported by the LSC holders. Second, the survey respondents report receiving rent both in cash, and in various forms of in-kind payment such as grain, sunflower oil, sugar, and various services. A reasonably accurate comparison of State Act and LSC rents can be made by converting the payments in grain, sunflower oil, and sugar into cash equivalents, and then adding them to lease

payments made in cash. This comparison was calculated in different ways to account for possible imperfections in the data. The most conservative method of comparison shows that State Act owners receive 40% more gross income than do LSC holders, or 32% more income per hectare.

- *State Act owners' opinions about income benefits from ownership.* The survey asked State Act owners whether land ownership has provided tangible benefits yet. 32% answered "yes," 30% answered "no," and the remaining 38% did not know or have no opinion. Next, State Act owners were asked to estimate how much more income they receive now compared to when they held LSC's. 46% of the respondents said no increase, 41% said a 0-10% increase, and the remaining 13% said a 10-50% increase. However, these latter results seem rather subjective compared to the more positive, and fact-based, results in the previous paragraph.
- *State Act owners' opinions of land as a future source of income.* 48% of all State Act owners expect their land to be an important source of income in the future, 17% do not expect their land to be an important source of income, and the remaining 35% do not know or have no opinion.
- *Future use of land.* State Act owners do not indicate significant plans to shift how their land is used from current patterns over the next two years. On the issue of State Act owners' interest in establishing private family farms over the next five years, 22% indicate that they either are considering doing so, or would consider doing so if certain conditions improved. The needed improvements most cited are access to farm startup credit and improved security of land rights. Interestingly, the latter is cited more often than higher prices for agricultural products or better access to marketing channels.
- *Women and land.* The survey results do not show significantly disparate treatment of women and men with regard to their rights to land.
- *Results by oblast.* The survey compiled interesting comparative data about the eight oblasts in which the survey was conducted. For example, State Acts range in size from 2.43 hectares in Lviv Oblast to 7.81 hectares in Dnipropetrovsk Oblast. Rents per hectare for leased State Acts range from UAH 181 in Vinnitsa Oblast to UAH 277 in Sumy Oblast. And in Kherson Oblast, 30% of the State Act owners report an increase in income compared to when they were LSC holders, while in Volyn Oblast 88% of the State Act owners report an increase.
- *Conclusion.* On the whole, the survey results demonstrate that the conversion of land shares into physical land parcels, and the corresponding issuance of State Acts, have provided meaningful benefits to Ukraine's rural people. Also, working-age people report better results than do pensioners, and people who have held land rights longer report better results than do recent State Act recipients. These two factors bode well for continued progress in the future.

I. PURPOSE OF SURVEY

Ukraine became an independent nation in 1991. Independence brought with it major efforts to reform the different sectors of the economy. In the agricultural sector, land reform was a key component of the effort to move away from the inefficient, unproductive and authoritarian system of collective and state farms (hereinafter "collective farms"). The main undertaking of the land reform in the early and mid-1990's was the allocation of land rights to farm workers, retired farm workers, and rural social service providers. The Government of Ukraine allocated these rights by means of a device unique to post-Soviet land reform: the "land share."

A land share represents the right to claim in-kind a defined amount of agricultural land out of the land base that had been cultivated historically by the collective farms. Until that land is claimed, the land share holder holds rights to land in common with the other land share holders on the former collective farm. This land share right, though a common right, could be leased, sold, given away, exchanged, or passed to heirs under the land reform legislation of the 1990's. Most land share holders leased their shares to the farming organizations that succeeded the collective farms.

The following example illustrates how the land share was designed to work. A typical collective farm might have employed 250 people and cultivated 3,000 hectares of land. Another 25 people were teachers, medical personnel or other social service providers serving those living on the territory of the collective farm. In addition to these active workers, another 225 pensioners had worked on the farm or as social service providers. All three groups combined totaled 500 people. During the land reform process 10% of the farm's 3,000 hectares would have been put into a reserve, with the remaining 2,700 hectares divided equally among the people in the form of land shares. Thus, each land share gave a person the right to claim 5.4 hectares in-kind out of the 2,700 hectares. Until the land share holder claimed the land, he or she could lease the share to an agricultural producer, or transfer the share to relatives or third parties.

The land share was intended to effect a mass transfer of land rights to the rural population in an orderly, egalitarian manner. This was accomplished. But what the land share scheme has not done is provide people with rights to land that they can actively use to a significant degree. Using the above example, the right that the land share gives to claim 5.4 hectares in-kind out of 2,700 hectares has proven very difficult to exercise as a practical matter. Moreover, land share holders have had difficulty comprehending how they might use their "land," since they do not even know where it is located.

In sum, land shares played a necessary role early in the land reform process, but have reached the limits of their usefulness.

To move the land reform process forward, in December of 1999 President Leonid Kuchma issued an important decree on the subject of agricultural land reform.¹ The decree contained several strong statements in support of the right of the 6.74 million land share holders to leave the former collective farms with their shares, and to convert them into physical land parcels. The decree also served as the starting point for a government initiative to actively promote the conversion of land shares into individually owned land parcels.² According to government sources, as of July, 2003 just over 3.4 million land share holders, or slightly more than 50% of the total, have had their land shares converted into physical land parcels, with the rights to these parcels formally recognized in title documents known as State Acts.³

In support of this policy to turn land share holders into landowners in Ukraine, in June of 2001 the U.S. Agency for International Development launched the Ukraine Land Titling Initiative (ULTI). The ULTI Project carries out all of the needed measures to convert land shares into physical land parcels, including: land parcel surveying and platting; a process for determining which individuals receive which parcels; preparation of State Acts; and delivery of State Acts to their new owners. As of December 15, 2003 the ULTI Project has played a major role in converting 506,000 land shares into 607,000 State Acts to physical land parcels. Moreover, the Project has an additional 600,000 land share certificates currently under contract for conversion.⁴

The major goal of this mass land share conversion process is to provide rural Ukrainians with land in ownership that they can use to bring in more income for themselves and their families. Since approximately 27% of the country's population lives under the poverty line, with much higher percentages suffering in the countryside, more income is essential.⁵

With half of all land shares already converted into State Acts nationwide, and with the ULTI Project intensively working for over two years on this conversion,

¹ Decree of the President of Ukraine No. 1529/99 "On Immediate Measures to Accelerate Reform of Agrarian Sector of the Economy" (December 3, 1999).

² Land shares were convertible into physical land parcels under the law before the December 1999 decree, but it was this decree that made mass land share conversion a goal for the Government of Ukraine to actively pursue.

³ The State Committee of Ukraine for Land Resources, as reported by Liga Business Inform, www.liga.net (last visited on October 17, 2003).

⁴ Ukraine Land Titling Initiative (October 2003).

⁵ *V Ukraine Za Chertoy Bednosti Zhivoyot Pochti Tret' Naceleniya* (Almost One-Third of the Population Lives Below the Poverty Level in Ukraine), Newspaper *Fakti i Kommentarii* (Kyiv), October 17, 2003.

the time was ripe to assess whether private land ownership was delivering the predicted benefits to the target population.

II. SURVEY METHODOLOGY⁶

The survey sought to gather information that would provide a nationwide picture of the impact of land titling. At the same time, for each oblast (province) where the survey team conducted interviews, results were sought that would be considered valid for that particular oblast. These twin goals guided the methodological decisions about how many people to interview, which groups of people to interview, and where the interviews would occur.

The first step in developing the methodology was to determine the number of surveys (the sample size) needed in each oblast to deliver valid results for that oblast. The sample size of 100 interviews in an oblast was selected for two reasons. First, it was large enough to describe the situation in a given oblast to an accuracy of $\pm 9.8\%$, a sufficient level of precision.⁷ Second, 100 was both a round and relatively large number that, on an intuitive level, would impress upon observers that the survey results were indeed representative of the situation in the oblast.

The second methodological issue to address was which oblasts to include in the survey. The following factors were considered:

- The survey-sample universe consists of every person in Ukraine who possesses either a Land Share Certificate (hereinafter "LSC"), or a State Act on the Right of Ownership to Land (hereinafter "State Act") that resulted from the conversion of a land share into an individually titled land parcel. This universe totals 6.74 million people. The survey sought to capture enough of this universe to ensure the nationwide validity of the survey results. To achieve this, the survey had to take place in oblasts that collectively contained at least one-third of the total universe, or 2.25 million LSC and State Act rightholders. This one-third figure was selected because it would produce a nationwide result from a statistical point of view and because, as a large fraction of the

⁶ The Rural Development Institute's survey experience in China provided useful guidance toward developing the methodology for the present survey in Ukraine. See ROY L. PROSTERMAN ET AL., IMPLEMENTATION OF 30-YEAR LAND USE RIGHTS FOR FARMERS UNDER CHINA'S 1998 LAND MANAGEMENT LAW: AN ANALYSIS AND RECOMMENDATIONS BASED ON A 17-PROVINCE SURVEY (Rural Development Institute Report on Foreign Aid and Development #105, March 2000) (on file with the Rural Development Institute).

⁷ This is at the 95% confidence level, that is, the results should fall within that range in 95 out of 100 cases if it were possible to interview every Land Share Certificate holder or State Act owner in the oblast. *Id.*

total sample universe, would be compelling in encouraging people to accept the national significance of the survey results.

- The survey sought to include oblasts in several different geographical and agricultural regions of the country, again for the survey to present a national picture of the impact of land titling.
- The ULTI Project, as the survey implementer, was interested in measuring the results in oblasts where the Project was active. At the same time, oblasts where the Project was not working also had to be included to serve as a sort of control group.

Based upon these factors, the survey was conducted in eight of Ukraine's 25 oblasts. These oblasts are Vinnitsa, Volyn, Dnipropetrovsk, Kirovograd, Lviv, Poltava, Sumy, and Kherson (see the attached map). The ULTI Project operates in six of these oblasts in varying degrees of intensity, the exceptions being Dnipropetrovsk and Kirovograd. As the table shows, 2.4 million people out of the 6.74 million person survey-sample universe, or 36%, live in the survey oblasts.

Table 1. Survey-Sample Universe in the Survey Oblasts⁸

Survey Oblast	Number of Land Share Certificates/State Acts
Vinnitsa	466,259
Volyn	235,433
Dnipropetrovsk	279,290
Kirovograd	250,646
Lviv	353,928
Poltava	342,677
Sumy	277,014
Kherson	205,457
Total	2,410,704
Total in Ukraine	6,743,598

Following from the decision to conduct 100 surveys in each oblast, the total number of surveys targeted in the eight oblasts chosen was 800. Assuming that some surveys would be tainted or invalid for various reasons, the survey team completed 855 interviews to meet the target of 800 valid interviews. The team determined that the environment for 57 surveys was "inappropriate," largely because an authority figure was present throughout or arrived during the interview, thus compromising the respondent's inclination and ability to answer the questions in a forthright manner. These 57 interviews were excluded from

⁸ The State Committee of Ukraine for Land Resources, *supra* note 3.

the analysis of results, with the remaining 798 utilized. The sampling error for these 798 interviews is $\pm 3.47\%$.⁹ For each oblast, the survey provides results that, on average, describe the situation to an accuracy of $\pm 9.82\%$.¹⁰

Table 2. Valid Surveys Completed

Oblast	Number of Surveys
Vinnitsa	95
Volyn	98
Dnipropetrovsk	105
Kirovograd	102
Lviv	103
Poltava	102
Sumy	102
Kherson	91
Total	798

The survey team carried out the survey during a seven-week period from late July to mid-September of 2003. In order to capture a broad sample of respondents, in each oblast the survey team conducted interviews in 20 different villages spread across five raions (local districts).¹¹ Both the raions and villages were randomly selected. The team also selected people for interviewing at random, though it did try to interview men and women in equal numbers. The team also sought to interview both State Act owners and Land Share Certificate holders at a ratio of roughly 3:2.

Finally, in order to ensure that the results presented in this report are representative on a national level, they are weighted according to the proportion of each oblast's survey-sample population to the survey-sample population in the eight oblasts taken together. The results by oblast as reported in Section IV are not weighted, though, since their purpose is to compare the individual oblasts to each other.

III. NATIONAL SURVEY RESULTS

A. General Profile of the Survey Respondents

The following list provides an overview of some of the important characteristics of the rural Ukrainians whom the survey team interviewed:

⁹ At the 95% confidence level.

¹⁰ This is at the 95% confidence level. Specific sampling errors for each oblast are as follows: Vinnitsa $\pm 10.05\%$; Volyn $\pm 9.9\%$; Dnipropetrovsk $\pm 9.56\%$; Kirovograd $\pm 9.70\%$; Lviv $\pm 9.66\%$; Poltava $\pm 9.70\%$; Sumy $\pm 9.70\%$; and Kherson $\pm 10.3\%$.

¹¹ Overall, the survey was conducted in a total of 160 villages spread across 40 raions.

- Women make up 53% of the survey respondents;
- 64% of the survey respondents are of working age, while 36% are pensioners. The working age respondents consist of private farmers and workers on private family farms (8.5%), workers on agricultural enterprises (21.9%), workers in non-agricultural public employment (11.8%), workers in non-agricultural private employment (7.4%), and the unemployed (14.6%); and
- State Act owners comprise 58% of the survey respondents, with LSC holders making up the remaining 42%.

In addition, the breakdown of survey respondents by age group is instructive.

Table 3. Age of Respondents

Age	N=797
20-29	8.2%
30-39	18.3%
40-49	20.6%
50-59	24.2%
60-69	19.1%
70 and older	9.7%

The 50-59 year-old age group contains the highest percentage of respondents, followed by the 40-49 and 60-69 year-old age groups. Since Land Share Certificates were distributed to workers who were active in the early 1990's, and since young people often leave the villages for cities, it is not surprising that the highest percentages of respondents fall in the three age groups cited. Also, many of the survey respondents in the 20-29 and 30-39 age groups probably received their LSC's as bequests from deceased relatives.

B. Importance of Personal Land Resources to Total Annual Incomes

The Land Share Certificate holders report that their shares represent rights to an average of 3.7 hectares, with a median of 3.1 hectares. State Act owners hold an average of 4.7 hectares each, with the median landholding being 3.8 hectares.

In addition to LSC's and State Acts, the people of rural Ukraine also possess household plots and subsidiary farms.¹² 97% of the survey respondents report that they own household plots, and 55% report that they operate subsidiary

¹² A household plot is a garden-sized parcel near a family's dwelling used to grow food for personal consumption. The median size of household plot reported by the survey respondents is 0.26 hectares (2,600 square meters).

A subsidiary farm is family based agricultural production primarily for personal consumption, but with some commercial sale as well. Subsidiary agricultural production generally takes place in fields, rather than in garden plots near houses. The median size of subsidiary farm operated by the survey respondents is 0.60 hectares (6,000 square meters).

farms.¹³ The aggregate of these different landholdings -- LSC land rights, State Act land, household plots, and subsidiary farms -- are characterized here as personal land resources.

The survey demonstrates the important role that these personal land resources play in the overall income profile of the rural population.

**Table 4. Proportion of Total Annual Income
From Personal Land Resources**

	LSC Holders (N=320)	State Act Owners (N=463)
Less than 25%	48.8%	44.5%
25% or more	51.2%	55.5%

As the table shows, over half of the LSC holders depend upon their personal land resources for at least 25% of their income. As for State Act owners, almost 56% depend upon personal land resources for over 25% of their income. For both groups of respondents, personal land resources make an important contribution to their total incomes.

C. Attitudes of State Act Owners to Land Ownership

An important outcome of land titling is the attitude of the beneficiary population, the State Act owners themselves, to the titling efforts and results. The survey assessed the State Act owners' attitudes by posing three different questions.

First, State Act owners were asked if they had wanted their LSC's converted into State Acts. Almost 78% of them answer "yes," while only 2.4% say "no," an amazingly small figure. The remainder (19.6%) have no opinion.

Second, the survey asked respondents who own State Acts if they are taking a more active interest in the use of their land than they did as LSC holders. State Act owners answer "yes" at a rate of 74.8%. Working-age people have an even higher positive response rate, at 80.8%. For those survey respondents who identify themselves as pensioners, 59.3% report taking a more active interest in their land than they did as LSC holders. Only the most elderly respondents, those at least 70 years in age, largely answer that they are not taking a more active interest in their land. Moreover, 83.3% of the State Act owners who received their land rights between 1995 and 2001 reported taking a more active interest in their rights, compared to 70.4% of those who received State Acts in the past two years. This suggests to some degree that peoples' interest in their land

¹³ In the early stages of the land reform in Ukraine, a small number of survey respondents also received land specifically for private family farm development.

grows the longer they own it. Another factor that certainly contributes to people who received State Acts earlier reporting more positive results is the fact that many of these people made an active effort to acquire their State Acts, as opposed to automatically receiving State Acts as part of Ukrainian government policy. Almost 48% of the State Act owners who received their State Acts during the period 1995-2001 reported obtaining them through personal initiative, compared to 19% of those who received State Acts in 2002-2003.

Next, the survey asked these same respondents if they are glad to have become landowners. 71% of them answer "yes." Working-age people say "yes" at a rate of 74.8%, while 61.5% of those who identify themselves as pensioners say that they are glad to be land owners. When organizing the responses by when people became State Act owners, 77.6% of those who received their State Acts during the period 1995-2001 are glad to have become landowners, while 68% of those who received State Acts in 2002-2003 report being glad.

In sum, these various ways of assessing State Act owners' attitudes to their land rights consistently return strong positive signals.

D. Income of State Act Owners

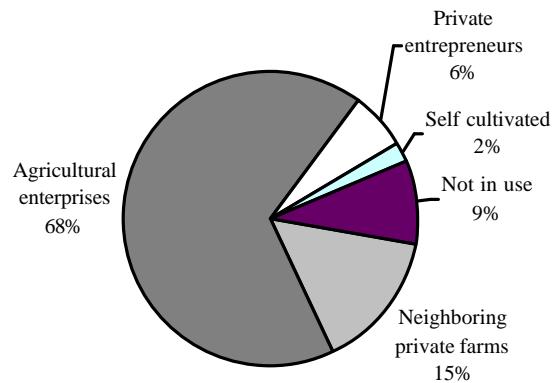
One of the primary reasons for the nationwide program to convert LSC's into State Acts is to provide the rural people with stronger, better-defined land rights that they can utilize to increase their incomes. The survey looked at the following indicators to formulate a picture as to whether people in fact are benefiting financially from being State Act owners:

- Comparison of use patterns of Land Share Certificates and State Acts;
- Comparison of income from leases;
- Opinion of State Act owners about the benefits of landownership thus far; and
- Attitude of State Act owners about land being a future source of income.

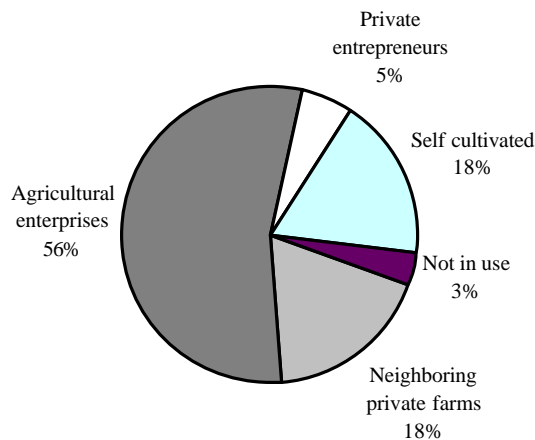
1. Comparison of use patterns of Land Share Certificates and State Acts

The survey interviewers asked both State Act owners and LSC holders how their land rights are being used. The following pie charts depict the use patterns.

Who Uses the Land of LSC Holders?



Who Uses the Land of State Act Owners?



The charts show two particularly interesting results. First, the vast majority of both LSC's and State Acts are being actively used – a good result for the holders of both types of land rights. Second, land represented by State Acts is self-cultivated at a higher rate than is land represented by LSC's.¹⁴ This fact, when looked at in conjunction with the fact that agricultural enterprises use a lower percentage of State Act land than they do LSC land (56% versus 68%), suggests that State Act distribution makes the movement of land from the large enterprise to the individual sector more possible. And the ability to move land to other users helps State Act owners maximize the income from their land rights.

¹⁴ Self-cultivation occurs primarily on subsidiary farms, but also on private farms as well. Interestingly, a higher percentage of LSC holders (61.4%) report operating subsidiary farms than do State Act owners (50.9%). But the average size of an LSC holder's subsidiary farm is only 0.67 hectares, versus 1.2 hectares for State Act owners. This 79% difference in size is probably due to more State Act land than LSC land being used on subsidiary farms.

2. Comparison of income from leases

Leasing is the main mechanism used by both LSC holders and State Act owners to generate income from their land rights. 78% of the LSC holders report leasing their land rights to a private family farm or agricultural enterprise, while 71% of the State Act owners report doing the same. Since leasing is so prevalent, comparing lease incomes is important in assessing the income gains had by those with State Acts.

This section of the report looks at two lease issues that both impact income: whether the lessees comply with the lease terms, and the actual incomes reported by the State Act owners and LSC holders.

a. Fulfillment of lease terms

An informative way to assess income from leases is to compare whether lessees are fulfilling their obligations to pay the rent in the amounts agreed, and to pay it on time. The survey explores both of these questions.

First, the survey interviewers asked both State Act owners and LSC holders if their respective lessees make the rental payments in the amounts agreed to in the lease contracts.

Table 5. Does the Lessee Make the Rental Payments in the Amounts Agreed to in the Lease Contract?

	LSC holders (N=257)	State Act owners (N=328)
Yes	66.1%	85.1%
No	33.9%	14.9%

As the table shows, State Act owners enjoy a substantial advantage over LSC holders in actually receiving the rental payments they are due according to their leases. Moreover, the rate at which LSC holders fail to get their promised rental payments – 33.9% – can only be characterized as abysmal.

State Act owners and LSC holders were then asked whether the lessees pay the rent on time. Table 6 depicts the results.

**Table 6. Does the Lessee Make the Rental Payments on Time
In Accordance with the Lease Contract?**

	LSC holders (N=259)	State Act owners (N=334)
Yes	61.0%	84.0%
No	39.0%	16.0%

State Act owners receive their rental payments on time at a 38% higher rate than do LSC holders. This much higher rate of timely payment represents a real financial advantage to the State Act owner.

The higher rates at which lessors of State Acts are able to both get paid what they are owed, and get it on time, is strong evidence of the superiority of State Acts over Land Share Certificates as a medium to deliver land-generated income to rural people.

b. Direct comparison of rents received

Agricultural producers who lease land in Ukraine make rental payments not only in cash, but also through in-kind payments of different forms. These include: grain; sunflower and other vegetable oils; sugar (derived from sugar beets); plowing of the lessor's household plot or subsidiary farm; transportation between villages and to the raion center; and even burial services.

Two factors affect the ability to compare State Act and LSC rents with complete precision. First, some of the different forms of in-kind payment are hard to measure accurately. For example, transportation services can be measured by the kilometer, by the number of trips, or in other ways. But this type of detail is very difficult to capture in a survey in a way that can be meaningfully compared. Therefore, only payments made in cash, grain, sunflower oil, and sugar are compared here. Excluding the other forms of payment will suppress the gross rents reported somewhat, but should not materially impact the comparative aspect of the analysis because these other payment forms seem to be distributed equally among all lessors.

Second, many respondents refused to report how much cash they receive as part of their lease payments. To accommodate this refusal, the discussion below presents rental income results both for all LSC holders and State Act owners who lease their land rights (whether or not they reported cash), and for the subsets of each group who did report the cash they received. Looking at both the overall results, and the results from the subsets, should provide a reasonably complete picture about how LSC holders and State Act owners compare to each other in rents received.

Comparison of gross rental income

The following table shows the gross rental results reported by all State Act owners or LSC holders who lease out their rights to land. The results include cash and the estimated cash value of wheat, sunflower oil, and sugar received,¹⁵ but do not include other types of in-kind payment. The results are presented in terms of average rent per lessor, and average rent per hectare.

**Table 7. Average Annual Rent From Leases
Of Land Shares and State Acts**

	Land Share Certificates (in UAH)¹⁶	State Acts (in UAH)
Cash	31,654	74,813
Class 3 wheat	110,372	285,388
Sunflower oil	3,931	9,004
Sugar	2,422	5,171
Total rent for all lessors	148,379	374,376
Average rent per lessor	(N=248) 598	(N=331) 1,131
Average rent per hectare	154	224

As the table shows, the average rental payment per lessor for one LSC is UAH 598, compared to UAH 1,131 for one State Act. This is an 89% difference. However, since the size of landholdings represented by leased State Acts tends to be larger than those represented by leased LSC's, a more informative comparison is the average rent per hectare. The last row of the table shows that the average amount of rent for one hectare of State Act land is 45% higher than the rent for one hectare of LSC land (UAH 224 compared to UAH 154).

These national figures, which show that State Act owners receive more rent than LSC holders, may overstate the benefits enjoyed by State Act owners. This is because the percentage of State Acts that are used in the rental income calculations, and that come from oblasts considered to be more agriculturally productive, is higher than the percentage of LSC's from these same oblasts. This is probably due to the fact that a higher proportion of LSC's have been converted into State Acts in the more productive oblasts than in less productive oblasts. Whatever the reason, rental income results oblast-by-oblast will help form a more complete comparative picture.

¹⁵ The survey asked the respondents to report "grain." Wheat is used in the calculation here since it represents the majority of grain production in Ukraine. Grain-buying firms are currently offering around UAH 1055 per metric ton for Class 3 wheat. AGRO-OGLYAD MAGAZINE, Dnipropetrovsk, Ukraine, September 2003. The retail prices of UAH 5.88/liter for sunflower oil and UAH 3.28/kilogram for sugar are also used. Calculations of the Secretariat of the Commission on Agrarian Policy under the Cabinet of Ministers of Ukraine, October 2003. Retail prices are used in the calculations (rather than wholesale prices) because they represent the true value of the in-kind payment to the lessees.

¹⁶ The exchange rate in October of 2003 was 5.33 Ukrainian Hryvna (UAH) for one U.S. Dollar. UAH 5.33 = USD 1.

**Table 8. Average Annual Rent by Oblast
From Leases Of Land Shares and State Acts**

	Average Rent For Land Share Certificates (in UAH)	Average Rent For State Acts (in UAH)	How Much Higher Is State Act Income Than LSC Income?
Kherson	964	1,365	41.5% higher
Dnipropetrovsk	1,418	1,871	31.9% higher
Kirovograd	1,369	1,616	18.0% higher
Poltava	410	593	44.6% higher
Sumy	395	1,095	177.2% higher
Lviv	297	548	84.5% higher
Volyn	458	618	34.9% higher
Vinnitsa	381	466	22.3% higher

These comparisons show a significant range of rent differentials in the various survey oblasts. The Sumy and Lviv Oblast rent differentials are extremely high, at 177% and 85%, respectively. The differentials in Poltava, Kherson, Dnipropetrovsk, and Volyn Oblasts range from 32% to 45%. And in Kirovograd and Vinnitsa Oblasts, lease income differentials hover around 20%.

If all oblasts in Table 8 are weighted equally, the average of the calculated rent differentials shows that a State Act owner receives 57% more gross rent on average than does an LSC holder. If the data in Table 8 is calculated on the basis of income per hectare, State Act owners receive, on average, 48% more than do holders of LSC's.

A further informative analysis is to perform the average rent and rent per hectare calculations excluding the Sumy Oblast differential, since it is so much higher than the other reported differentials. Excluding Sumy, the average of the calculated rent differentials shows that a State Act owner receives 40% more gross rent on average than does an LSC holder. The calculation based upon income per hectare results in an average differential of 32%.

Comparison of income of lessors who report receiving cash rent

Table 9 presents the average rent per lessor, and the average rent per hectare, for those lessors of LSC's and State Acts who reported receiving at least part of their rent in cash.

Table 9. Average Annual Rent For Lessors Who Reported Cash Rent From Leases of Land Shares and State Acts

	Land Share Certificates (in UAH)	State Acts (in UAH)
Cash	31,654	74,813
Class 3 wheat	16,859	66,316
Sunflower oil	1,252	1,549
Sugar	<u>1,824</u>	<u>1,893</u>
Total rent for all lessors	51,589	144,571
Average rent per lessor	(N=92) 561	(N=146) 990
Average rent per hectare	134	214

The LSC holders who report receiving at least some portion of their rent in cash have an average rental income (including in-kind rents) equivalent to UAH 561. By comparison, the State Act owners who report receiving at least some of their rent in cash have an average rental income (including in-kind rents) equivalent to UAH 990, or 76% more than the amount received by LSC holders.

Looking at the rents on a per-hectare basis, LSC holders report a return of UAH 134, while the State Act owners have a return of UAH 214. This is a difference of 60%.

Table 8 above breaks out gross rental results by oblast in order to help form a more complete comparative picture. While logically this also should be done for rental results of LSC holders and State Act owners who report receiving at least part of their rent in cash, in three of the eight survey oblasts no cash rent was paid at all to LSC holders. As a result, an oblast-by-oblast comparison would produce results of dubious meaning, thus it is not presented here.

To summarize this section of the report, Tables 7, 8, and 9 present comparative rental income data calculated both in terms of average per lessor, and average per hectare. The most conservative result comes from the per hectare calculations in Table 8 excluding Sumy Oblast, which conclude that State Act owners receive, on average, 40% more gross income than do LSC holders, or 32% more income per hectare.

3. Opinion of State Act owners about the benefits of landownership received thus far

The previous section tried to objectively quantify the benefits of State Act ownership by comparing lease incomes of LSC holders and State Act owners. The present section explores the subjective opinions offered by State Act owners about the benefits received from land ownership.

First, the survey asked State Act owners if land ownership has provided tangible benefits thus far.

Table 10. Opinion of State Act Owners About Whether Land Ownership Has Provided Tangible Benefits So Far

	N=462
Yes	32.3%
No	30.1%
Do not know/no opinion	37.7%

State Act owners give "yes" and "no" answers in roughly the same proportion, with the plurality of respondents saying that they do not know or have no opinion. It is encouraging that over 30% of the respondents say that they already enjoy tangible benefits, since many of them have just become landowners for the first time,¹⁷ thus are still learning about their land rights and developing an intrinsic understanding of what it means to be a landowner. The positive response rate is also encouraging in light of the obstructive bureaucracy, different forms of corruption, a generally poor rural economic climate, and other external obstacles that make it hard to effectively use land to generate income in rural Ukraine.

State Act owners' opinions about the tangible benefits of ownership can also be examined usefully by linking the owners' answers to when they received their State Acts.

Table 11. Opinion of State Act Owners as to Whether Land Ownership Has Provided Tangible Benefits So Far, Broken Out by When State Acts Were Received

Has land ownership provided tangible benefits to you so far?	State Act Received 1995-2001 (N=174)	State Act Received 2002-2003 (N=284)
Yes	44.8%	25.0%
No	21.3%	34.9%
Do not know/no opinion	33.9%	40.1%

As the table shows, about 45% of the respondents who received their State Acts between 1995 and 2001 report tangible benefits, compared to 25% of those who received their State Acts in 2002 and 2003. Perhaps even more notable, the ratio of "yes" to "no" answers for recipients of State Acts between 1995 and 2001 is 2 to 1. These responses are consistent with the ideas that people make more effective use of land the longer they are owners, and that people who received land from 1995-2001 often did so upon their personal initiative, and thus are more likely to give positive answers.

¹⁷ Though most already did own household plots.

To end the discussion of the results from Table 11, the 21% of the State Act owners who received their State Acts from 1995-2001, and who say they have not yet received tangible benefits, have been landowners for at least a couple of years. This shows that not everyone will recognize and/or enjoy the benefits of land ownership.

After State Act owners were asked their opinions about the tangible benefits of ownership so far, they were asked to estimate how much more income they receive from their land compared to when they held Land Share Certificates.

Table 12. How Much More Income Are You Receiving From Your Land Now Than You Did From Your Land Share?

	State Act Owners (N=457)
None or decreased	45.7%
0-10%	41.4%
10-50%	12.9%

As the table shows, 41.4% of the respondents reported a slight improvement in income, with 12.9% reporting sizeable income increases compared to when they held LSC's. As to the 45.7% of respondents who answered "none or decreased," the survey's director stated that the field experience suggested that the overwhelming majority of these respondents were in fact answering "none," rather than "decreased."¹⁸

These results do not look positive at first glance, with only 12.9% of the State Act owners reporting a sizeable increase in income compared to when they were LSC holders. The results also do not seem consistent with the considerable body of favorable evidence presented in this report about State Act ownership. Can the results be reconciled with the favorable evidence somehow, or accounted for in a manner that explains their negative aspects?

One informative comparison is to see how the results match up with whether or not State Act owners feel that land ownership has provided tangible benefits (see Table 10). Logically, State Act owners who report no increase in income compared to when they held LSC's should also report that land ownership has not delivered tangible benefits thus far. And those who do report sizeable income increases should also report that State Act ownership has provided tangible benefits.

¹⁸ In retrospect, the survey questionnaire should have provided for separate answers "none" and "decreased," rather than lumping both possible responses together.

Table 13. Correlation Between Whether State Act Owners Report Receiving Tangible Benefits From Land Ownership Thus Far, and How Much More Income State Act Owners Report Receiving Now Compared to When They Held Land Shares

Has State Act ownership provided you with tangible benefits thus far?	How much more income are you receiving from your land now than you did from your land share?		
	none or decreased (N=210)	0-10% (N=189)	10-50% (N=57)
Yes	10.0%	43.9%	80.7%
No	51.0%	15.3%	1.7%
Do not know/no opinion	39.0%	40.7%	17.6%

Only 10% of those who report no increase in income also report that land ownership had thus far provided tangible benefits. Similarly, the vast majority of those who report a 10-50% increase in income compared to when they were LSC holders also state that State Act ownership has provided tangible benefits. In addition, it is instructive that almost 44% of the people who report a 0-10% increase in income considered that increase a tangible benefit of State Act ownership, with only 15.3% saying that they did not consider this 0-10% increase to be a tangible benefit. Overall, the answers to the two questions largely make sense when compared to each other, with some strengthening of the 0-10% income category in terms of it delivering tangible benefits.

A second useful way to look at the results is to determine when State Act owners who answered this question received their State Acts. As discussed above, people who have held State Acts longer should respond more positively about their incomes.

Table 14. Correlation Between When State Acts Were Received, and How Much More Income State Act Owners Report Receiving Compared to When They Held Land Shares

How much more income are you receiving from your land now than you did from your land share?	State Act Received 1995-2001 (N=173)	State Act Received 2002-2003 (N=280)
None or decreased	31.2%	54.6%
0-10%	46.2%	38.6%
10-50%	22.5%	6.8%

As predicted, this table shows that State Act owners who acquired their land earlier report receiving more income at a higher rate than do those State Act owners who received their land more recently. Only about a third of this group reports no increase in income compared to the income received when they had land shares. And over 22% report a sizeable increase in income.

Finally, the results in this section should be weighed against the more positive results from the comparison of the lease income received by LSC holders and

State Act owners. The data in this section does not directly show how State Act owners would be doing if they had not received State Acts, that is, if they had remained LSC holders. The fact that many State Act owners report no increase in income over when they were LSC holders does not mean that they would be in the same economic position if they still had LSC's. In fact, the lease comparison data from the previous section strongly suggests that State Act owners would be doing worse if they had remained LSC holders. This data is more factual in nature, thus is of higher reliability than the more subjective answers from State Act owners about how their incomes have changed with land ownership.

4. State Act owners' opinions of land as a future source of income

The survey interviewers asked the State Act owners whether they thought their land would be an important source of income in the future.

Table 15. Do You Expect Your Land to be an Important Source Of Income For You in the Future?

	State Act Owners (N=461)
Yes	47.5%
No	17.4%
Do not know/no opinion	35.1%

A decent number of owners, 47.5%, do expect their land to be an important source of income in the future. It is also encouraging that less than a fifth of all State Act owners answer "no" to the question. Also, the fact that the remaining 35% of respondents do not know whether their land will be an important source of income to them in the future is in line with the uncertainties and economic difficulties facing rural Ukraine today.

The results from the question look more positive when the respondents are identified by their work status.

Table 16. Do You Expect Your Land to be an Important Source Of Income For You in the Future?

	Working-Age People (N=317)	Pensioners (N=134)
Yes	57.4%	22.4%
No	13.2%	28.4%
Do not know/no opinion	29.3%	49.3%

A solid majority of working people report being positive about their land's potential to generate income in the future. The pensioners, on the other hand, are much less optimistic about their land's potential to be an important source of income.

Finally, answers can be assessed in terms of when the respondents received their State Acts.

Table 17. The Opinion of State Act Owners Who Received Their State Acts at Different Times as to Their Land Being An Important Source of Income in the Future

	Received State Act 1995-2001 (N=174)	Received State Act 2002-2003 (N=284)
Yes	60.3%	39.8%
No	12.1%	20.8%
Do not know/no opinion	27.6%	39.4%

As the table shows, over half of those owners who received their State Acts during the period 1995-2001 expect their land to be an important future source of income. While the more recent State Act recipients express less optimism, with about 40% of them answering "yes" to the question, another 40% of this same group is undecided, with only 20.8% saying that they do not expect their land to be an important source of income. It is also instructive that only 12% of the respondents who received their State Acts between 1995 and 2001 do not think that their land will be an important source of income in the future. This is the most experienced group of landowners in Ukraine; for so few of them to think that their land will not provide meaningful future income is a positive indicator about the future.

E. Future Use of Land

The survey asked State Act owners how they plan to use their land in the future. Owners were first asked how they intend to use their land over the next two years.

Table 18. How State Act Owners Intend to Use Their Land Over the Next Two Years

	N=455
Direct cultivation on a private family farm or subsidiary farm	19.3%
Lease it to a private family farm	17.1%
Lease it to an agricultural enterprise	38.9%
Lease it to whoever will pay the most	14.3%
Sell it	1.1%
Give it away or exchange it for a different Land parcel	4.2%
Other	0.7%
Do not know	4.4%

These results do not differ dramatically from current patterns of State Act use.¹⁹

Next, State Act owners were asked if they would consider establishing private family farms over the next five years. Since family farms are the predominant means of agricultural production in developed market economies, interest in establishing such farms would be a positive sign for Ukrainian agriculture.

**Table 19. Would You Consider Establishing a Private Family Farm
In the Next Five Years?**

	Working-Age State Act Owners (N=317)	Pensioner State Act Owners (N=133)
I already have a private family farm	4.4%	--
Yes, or yes if certain Conditions improved	22.1%	6.8%
No	73.5%	93.2%

As the table shows, just over one-quarter of the working-age owners of State Acts either operate private family farms already, or would considering do so. This result should be considered somewhat positive, since starting a private family farm requires an entrepreneurial spirit, a willingness to take risks, and business and farming skills that only a minority of people will have in any country setting.

Finally, State Act owners who indicated an interest in establishing private family farms were asked which conditions require improvement for them to do so. Owners could indicate more than one condition. The top five responses are:

- Access to startup credit to purchase machinery or construct buildings (71%);
- Improved security of land rights (64%);
- Higher prices for agricultural products (59%);
- Access to annual production credits (59%); and
- Access to marketing channels (43%).

Somewhat surprisingly, a very high proportion of the State Act owners identify improving the security of land rights as a need, even higher than better product prices or enhanced access to annual production credits. This shows the importance that respondents attach to land rights, and indicates a need for continuing improvement of the private land regime in Ukraine before owners will have adequate confidence in the security of their rights.

¹⁹ Ukraine's Land Code prohibits the sale of agricultural land until January 1, 2005. This prohibition certainly contributed to depressing the number of respondents interested in selling their land.

F. Women and Land

The survey inquired into whether the land titling process impacts women differently than it does men. This section presents the most relevant results.

The first, most basic question is whether Land Share Certificates held by women are being converted into State Acts at the same rate as those held by men. 54% of the women surveyed report that their LSC's had already been converted, compared to 63% of the men. These results suggest that LSC's of women are being converted into State Acts at a somewhat lower rate than LSC's of men.

The second important question is how much land women are receiving compared to men. The following table presents results for both LSC land and State Act land.

Table 20. Size of Land Rights Represented by Land Share Certificates and State Acts

	Size of Average Land Share Certificate (ha.)	Size of Average State Act (ha.)
Men	3.34	4.71
Women	3.92	4.75

These results show that women tend to have larger LSC rights than do men. Rights represented by State Acts are virtually the same for both groups.

The third major question is whether women and men are treated equally when concluding lease arrangements for their land rights. This is important because over 70% of State Act owners lease their land to agricultural producers, making lease income a major source of revenue from land.

The survey asked both men and women who lease their State Acts to agricultural producers whether the producer makes the rental payments on time, and in the amounts agreed to in the contract. There was no difference between the answers given by men and women.

Also on the lease question, the average and per-hectare rent for men and women who lease out their State Acts can be compared.

Table 21. Rent From Leases of State Acts by Gender

	Average Rent Per Lessor (UAH)	Average Rent Per Hectare (UAH)
Men	1,092	234
Women	1,174	248

The average rent per lessor is 7.5% higher for women than men, and the average rent per hectare is 6% higher for women. These differences are not significant.

For the reasons explained in Section III(D)(2)(b) above, comparing lease income of those lessors who report at least part of their rent in cash helps provide a more complete picture.

**Table 22. Rent From Leases of State Acts by Gender for Those
Who Reported At Least Cash Rent**

	Average Rent Per Lessor (UAH)	Average Rent Per Hectare (UAH)
Men	943	211
Women	1,062	220

Women receive about 13% more rent on a per-capita basis, while reported rents are virtually the same if calculated on a per-hectare basis.

In summary, Land Share Certificates of women are being converted into State Acts at a somewhat lower rate than those of men. But the size of the land rights held by women and men is virtually the same, and they receive largely identical benefits when leasing out their State Acts. Thus, looking at the women-men comparison in its totality, the survey results do not show significantly disparate treatment of the two groups with regard to their rights to land.

IV. RESULTS BY OBLAST

This section presents select survey results by oblast. They show some significant differences in how people view their land rights, and the income received from land rights, between different oblasts.

A. Land Holdings by Oblast

The following table shows the average sizes of land rights represented by Land Share Certificates and State Acts in each of the survey oblasts.

Table 23. Average Size of Landholdings by Oblast

Oblast	Land Share Certificates (ha.)	State Acts (ha.)
Kherson	6.51	7.15
Dnipropetrovsk	7.01	7.81
Kirovograd	6.81	6.64
Poltava	3.63	4.61
Sumy	4.02	4.03
Lviv	1.68	2.43
Volyn	2.95	2.91
Vinnitsa	2.70	2.62

The size of landholdings represented by LSC's varies widely, ranging from 1.68 hectares in Lviv Oblast to 7 hectares in Dnipropetrovsk. A similar range can be seen with State Act land, with State Act owners in Lviv having 2.43 hectares, compared to 7.81 hectares for those in Dnipropetrovsk. The range of landholdings is due primarily to the proportion of people originally eligible for land shares to the agricultural land base in a given oblast. For example, Dnipropetrovsk has a low number of eligible people in proportion to the land base, so the land shares are larger.

It is also interesting to note that, in four oblasts, land represented by State Acts is noticeably larger than land held via LSC's. In Poltava Oblast the average State Act land right is 27% larger than the corresponding LSC. In Kherson the difference is 10%, in Dnipropetrovsk 11%, and in Lviv 45%. Since LSC and State Act rights should be roughly the same in a given jurisdiction, the process of surveying and platting boundaries for new land plots seems to have better defined the size of the land right, to the benefit of the new landowners.

B. Importance of Personal Land Resources to Total Annual Incomes

Section III(B) of this report shows that almost 56% of State Act owners depend upon their personal land resources for at least one-quarter of their total annual income. Table 24 breaks down these results by oblast.

Table 24. Proportion of Total Annual Income From Personal Land Resources for State Act Owners

Oblast	Less than 25%	25% or More
Kherson	62.5%	37.5%
Dnipropetrovsk	56.5%	43.5%
Kirovograd	31.2%	68.8%
Poltava	21.6%	78.4%
Sumy	49.2%	50.8%
Lviv	24.2%	75.8%
Volyn	33.3%	66.7%
Vinnitsa	56.9%	43.1%

The percentage of State Act owners whose personal land resources account for at least one-quarter of their income ranges from 37.5% in Kherson Oblast to 78.4% in Poltava Oblast. Even the "low" figure reported in Kherson represents a significant portion of the oblast's rural population.

C. Attitudes About Land Ownership

As seen above, 78% of State Act owners overall report that they did want their Land Share Certificates converted into State Acts. Looking at the results by oblast, the number of people responding positively ranges from a high of 90% in Vinnitsa to a low of 50% in Sumy. But even in Sumy only 1.6% did not want to receive State Acts: the remaining 48% did not know or were ambivalent.

Table 25. Did You Want Your Land Share Certificate Converted Into a State Act?

Oblast	Yes	No	Do Not Know/ No Opinion
Kherson	72.5%	2.5%	25.0%
Dnipropetrovsk	82.6%	3.5%	14.0%
Kirovograd	87.0%	3.9%	9.1%
Poltava	52.0%	4.0%	44.0%
Sumy	50.0%	1.6%	48.4%
Lviv	87.9%	6.1%	6.1%
Volyn	84.8%	--	15.2%
Vinnitsa	90.1%	--	9.9%

D. Income of State Act Owners

1. Comparison of lease income by oblast

Table 26 presents the lease income that State Act owners receive for their land by oblast. Figures are shown for average rent per lessor (State Act owner), and average rent per hectare.

Table 26. Rent From Leases of State Acts by Oblast

Oblast	Average Rent Per Lessor (UAH)	Average Rent Per Hectare (UAH)
Kherson	1,365	188
Dnipropetrovsk	1,871	236
Kirovograd	1,616	247
Poltava	593	156
Sumy	1,095	277
Lviv	548	265
Volyn	618	245
Vinnitsa	466	181

Kirovograd, Dnipropetrovsk and Kherson Oblasts report the highest average rent per lessor, which is not surprising since the size of State Act land holdings in these oblasts is dramatically larger than in the other five survey oblasts (see Table 23). When looked at on the more useful per-hectare basis, though, these three oblasts fall to third, fifth, and sixth, respectively. By contrast, Lviv Oblast reports the second lowest average rent per lessor, but is second highest in average rent per hectare. Sumy Oblast takes the top spot in the per-hectare ranking.

As discussed in Section III(D)(2)(b) above, comparing the incomes of those people who report receiving at least part of their rental income in cash can help to provide a more complete income picture.

Table 27. Rent From Leases of State Acts by Oblast for Those Who Reported At Least Cash Rents²⁰

Oblast	Average Rent Per Lessor (UAH)	Average Rent Per Hectare (UAH)
Kherson	618	70
Dnipropetrovsk	1,918	96
Kirovograd	1,393	235
Poltava	663	175
Sumy	679	186
Lviv	840	382
Volyn	535	215
Vinnitsa	602	258

For this subset of State Act lessors, Dnipropetrovsk, Kirovograd, and Lviv Oblasts top the rankings per lessor. And Lviv, Vinnitsa, and Kirovograd Oblasts rank first, second, and third in average rent per hectare.

2. Opinion of State Act owners about whether their incomes have increased with land ownership

Section III(D)(3) presented the opinion of State Act owners about how the income from their land compared to what they received from their land shares. The following table shows these same results by oblast.

²⁰ Lviv and Volyn Oblasts report small numbers of State Act lessors who report receiving at least part of their rental income in cash. This affects the ability to draw conclusions about the results reported for these two oblasts.

Table 28. How Much More Income Are You Receiving From Your Land Now Than You Did From Your Land Share?

Oblast	None or Decreased	0-10%	10-50%
Kherson	70%	30%	--
Dnipropetrovsk	40.5%	38.1%	21.5%
Kirovograd	41.3%	49.3%	9.3%
Poltava	56.9%	31.4%	11.8%
Sumy	62.9%	37.1%	--
Lviv	21.2%	42.4%	36.4%
Volyn	12.5%	68.8%	18.7%
Vinnitsa	47.2%	43.1%	9.7%

Kherson Oblast has the most negative results, with only 30% of the State Act owners reporting an increase in income. In Volyn Oblast, on the other hand, 87.5% of State Act owners receive more income from their land than they did from their land shares. Also notable are the results in Dnipropetrovsk, Lviv, and Volyn Oblasts, where large numbers of State Act owners report increases in income of 10% or more compared to when they held Land Share Certificates.

E. Land as a Future Source of Income

Table 29 shows individual oblast answers to the question of whether State Act owners expect their land to be an important source of income in the future.

Table 29. Do You Expect Your Land to Be An Important Source Of Income for You in the Future?

Oblast	Yes	No	Do Not Know/ No Opinion
Kherson	7.5%	22.5%	70.0%
Dnipropetrovsk	55.8%	14.0%	30.2%
Kirovograd	55.8%	11.7%	32.5%
Poltava	23.5%	33.3%	43.1%
Sumy	28.6%	28.6%	42.9%
Lviv	66.7%	9.1%	24.2%
Volyn	48.5%	3.0%	48.5%
Vinnitsa	62.5%	13.9%	23.6%

Dnipropetrovsk, Kirovograd, Lviv, and Vinnitsa Oblasts report the best results, with solid majorities expecting their land to be an important source of future income. In Kherson, Poltava, and Sumy Oblasts the results are less promising. Interestingly, in no oblast do a majority of respondents say that land will not be an important source of future income. Finally, large percentages of people do not know or have no opinion about the future income possibilities for their land.

V. CONCLUSION

On the whole, the survey results demonstrate that the allocation of physical land parcels to Ukraine's rural people, and the issuance of State Acts recognizing their ownership rights to these parcels, has provided meaningful benefits. In other words, State Act owners largely are better off than when they possessed Land Share Certificates. This section of the paper highlights the key survey results, along with some important observations related to these results.

On a general level, land is a valuable income-generating asset for the people of rural Ukraine. The survey results show that income derived from personal land resources makes an important contribution to the total incomes of both Land Share Certificate holders and State Act owners.

The survey results also show that State Act owners have very positive attitudes about their new land rights. Strong majorities of State Act owners say that they wanted to receive State Acts, and that they are taking a more active interest in their land rights over when they held LSC's. Positive attitudes toward land rights are a necessary prerequisite for people to begin to utilize their rights more effectively.

The incomes reported by LSC holders and State Act owners who lease their land rights to agricultural producers were compared. This comparison is important because over 70% of all LSC's and State Acts are leased to outside producers, who then cultivate the land and pay rental income. The most conservative comparison between the two groups shows that the typical State Act owner receives 40% more rental income than does a typical LSC holder, or 32% more income if calculated on a per-hectare basis. An important corollary to these results is that State Act owners who lease their land to agricultural producers report actually being paid the rent agreed to in the lease contract at higher rates than do LSC holders.

The survey interviewers then asked State Act owners to estimate how much more income they were receiving from their land than they had received when they held LSC's. About 46% of the State Act owners report no increase, 41% report a 0-10% increase, and the remaining 13% report increases from 10 to 50% over when they held LSC's. However, this data does not provide information about how the State Act owner would be doing currently if he had remained a LSC holder. By contrast, the data in the preceding paragraph comparing lease incomes of LSC's and State Acts provides a current view, and thus is more revealing about the benefits of land ownership.

Regarding the prospects for land providing income in the future, about 48% of State Act owners expect their land to be an important income source. 17% do not expect land to be an important income source in the future, and the remaining 35% of State Act owners do not know what to expect.

State Act owners who expressed interest in starting a private family farm in the future also said that, for them to do so, their rights to land needed to be more secure. This answer suggests that still more work is needed in Ukraine to strengthen the legal regime protecting private rights, and to better equip people to exercise and defend their rights.

Finally, the survey reveals two factors that play a major role across the data, and that bode well for continued progress. First, State Act owners of working age consistently report better results than do State Act owners who are pensioners. Second, people who received State Acts earlier in the process (from 1995-2001) generally report more positive results, and have more positive opinions about their land rights, than do recipients of State Acts in 2002 or 2003. There is an important causal correlation between positive results and the length of time that a person has owned a State Act.²¹ The longer people own land, the more likely they are to make effective use of it.

²¹ As discussed above, the fact that State Act owners report better results the longer they are owners is not due solely to the length of tenure. Many early recipients of State Acts exhibit a high level of motivation that may not be present at the same level in more recent State Act recipients.

MAP OF UKRAINE WITH SURVEY OBLASTS HIGHLIGHTED





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